

# OFFICE OF PROCUREMENT

Issue Modifications, Changes and Terminations  
LMS-OP-4526 Revision: H

Approval Original Signed on File  
Organizational Unit Manager, Office of Procurement  
Date 9/25/08

NASA Langley Research Center (LaRC)  
Langley Management System (LMS)

## CHANGE RECORD

Rev. No.	Date	Description
B	8/10/01	Removes training information and obsolete procedures. Removes information redundant to regulation.
C	6/12/02	Removes the option to allow customers to provide incremental funding via Form P252.
D	8/22/02	Adds Section II regarding records. Removes funding of termination liability, PR information included in CP-4505.
D-1	7/3/03	Changes “initiator” to “requisitioner” due to IFMP implementation.
E	6/2/04	Changes title, adds Termination information.
E-1	8/4/04	Clarifies Section I. Clarifies requirements in Paragraph C.
E-2	2/8/05	Clarifies Paragraph E.
F	6/16/06	Paragraph D, add instructions related to New Work PR absent certified funds.
G	9/18/07	Section IV, Paragraph F, is added to address contract modifications as related to the exercise of options.
H	9/25/08	Add topic Service Contract Change to address the requirement for a written determination that the change does not contain inherently governmental functions as required by FAR 7.503(e).

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*Verify correct revision before use by checking the LMS Web Site*

## I. Introduction

This document describes the procedures required for the issuance of modifications, changes and terminations.

## II. Records

Records generated by this procedure are contained in the Contract Files.

## III. Listing of Instruction Topics

- A. Incremental Funding
- B. Cost Overruns
- C. Changes Clause Application
- D. New Work
- E. Terminations
- F. Options
- G. Service Contract Change

## IV. Instructions

In addition to the procedures delineated in FAR Part 43 and NFS Part 1843, the following shall also apply to the issuance of modifications:

A. Incremental Funding - The Contracting Officer (CO) shall insure that the allotted funds are sufficient to cover the Contractor's costs, including earned profit or fee, for the period specified in the contract. The CO shall act promptly and take formal action when notified that a Contractor is approaching the total contract estimated cost or funding limitation. The Contractor is required to provide the timely notices pursuant to the Limitation of Funds clause.

To increase the amount of incremental funding, a new Purchase Requisition (PR) to cover the increase and the estimated period the funds are expected to cover shall be obtained from the Requisitioner.

B. Cost Overruns – All overruns must be supported by a new PR.

When the Government does not fund an overrun and the Contractor has not fulfilled the Statement of Work (SOW), a reduction in the fee shall be negotiated and the contract modified accordingly.

C. Changes Clause Application – Supplemental (“Modifications issued pursuant to the Changes Clause”) or unilateral agreements (“Change Orders”) may be issued pursuant to the provisions of the respective “Change Clauses” incorporated within a contract. The clause incorporated lists the parts of the contract that may be changed by the Government.

If the issuance of a Change Order is requested, the CS shall require that the Contracting Officer Technical Representative (COTR) provide written documentation supporting why the issuance of such Unfinalized Contract Action (UCA) is needed to meet program needs. See LMS-OP-4537 for review and approval threshold requirements.

Once the change has been authorized internally and the change is expected to require an equitable adjustment, the CO shall require the Requisitioner to provide a new PR for the action, i.e. the original PR shall not be used. For construction contracts, a Change Order modification increasing the contracted effort shall obligate all but a small portion of the estimated value and/or funds available and show the accounting and appropriation data on internal copies of the modification only, i.e. not the Contractor's copy. The PR shall also be marked "Partial" so that the price may be adjusted upon finalization of the Change Order by a Supplemental Agreement modification.

D. New Work - Any proposed change that is determined by the CO to be a New Work addition to the contract shall be supported by essentially the same contract documentation, e.g. PR, Justification for Other Than Full and Open Competition (JOFOC), ASM, etc., and approvals as a new contract. In addition, New Work modifications shall have the same NASA Form (NF) 1098 tabs as for a new award.

A new PR must be provided to support New Work, i.e. the original contract PR shall not be cited. If the solicitation will be issued absent the availability of funds, the Specialist shall request the OP secretary to stamp the following notation on the solicitation cover page and obtain Procurement Officer signature: "Pursuant to the provisions of NASA FAR Supplement 1802.7301 (c), I hereby authorize the issuance of this solicitation." (This is not required for tasks/orders or within scope changes against existing contracts/agreements.)

E. Terminations - All contract terminations are to be reviewed by the Office of the Chief Counsel (OCC) prior to execution (see LAPD 2030.1 Requirements for Legal Review of Acquisition Matters).

FAR Part 12 terminations - Terminations for convenience will be executed by the CO while terminations for cause will be executed by the Termination Contracting Officer (TCO). After execution, a copy of the termination is to be forwarded to the TCO (for record purposes).

All other contract terminations - All other contract terminations will be executed by the TCO.

F. Options - Issue modifications to exercise options in accordance with FAR 17.207 and NFS 1817.206. Cite the contract option clause as the modification authority. The modification is to be issued unilaterally unless the contractor was not provided a written notice regarding the upcoming option exercise within the time period specified in the contract. Specialists are required to use the Option Exercise Determination Virtual Procurement Office (VPO) template. All analyses and comparisons shall be completed such that sufficient time remains in the performance period to allow the pursuit of appropriate alternative approaches with

minimal impact to the requirement if it is concluded that the best path is not to exercise the option.

G. Service Contract Change – The Contract Specialist and COTR shall create a written determination as required by FAR 7.503(e) that the changes in the Statement of Work are not inherently governmental activities. Confirm that the services are not presently performed, nor were most recently performed by Government employees. Confirm that the requirement, even if the services requested are not inherently governmental, is consistent with OMB Circular A-76 guidance. For example, services which NASA often needs to retain for performance by government employees include the following: services which directly impact NASA's assignment and accountability for risk/liability decisions; activities needed to provide employees with the experiences needed to qualify them to exercise an inherently governmental function; and services that represent critical competencies which must be available long term and accessible by NASA, and are at risk of being unavailable if not performed by government employees. The cognizant Branch Head should be consulted in establishing this determination.